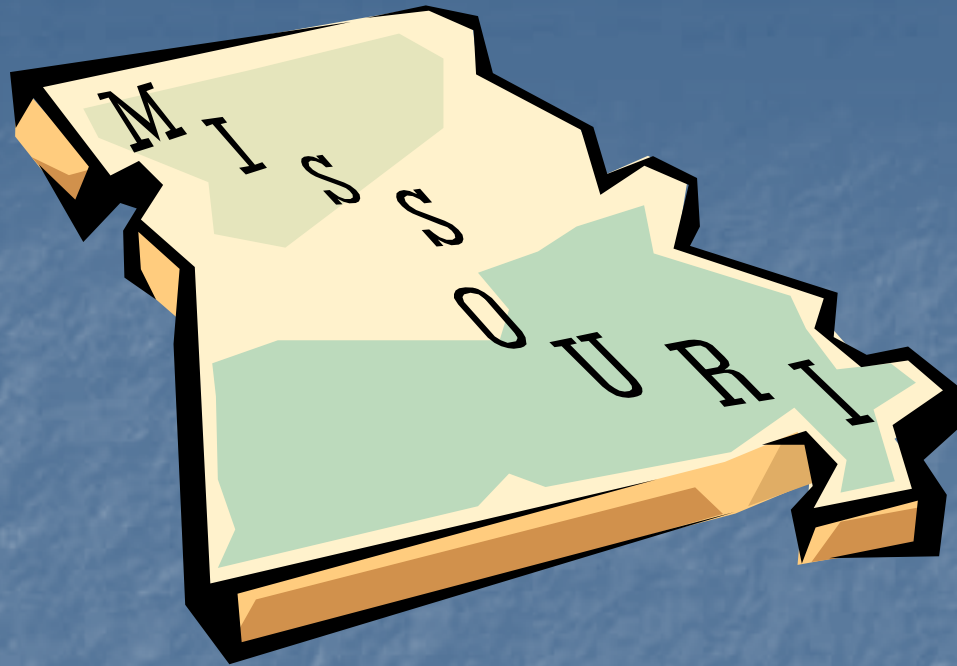


The Missouri Public Service Commission

An Overview

Disclaimer

- The opinions expressed here are mine, and mine alone, and are not those of the Commission, any Commissioner (other than myself) or any member of the Staff of the Commission. Further, nothing in this presentation should be attributed to any case or matter before the Commission, to any member of the Staff of the Commission, other Commissioner or the Commission.



From regulating street cars and railroads in 1913, to telephone divestiture and nuclear power plants, the PSC has had a major impact on Missouri's economy for more than 90 years.

Who We Are

- **Created by General Assembly in 1913**
- **Regulate utility rates, service and safety for investor-owned electric, gas, telecommunications, sewer and water companies**
- **Regulate safety issues for rural electric cooperatives and municipally-owned utilities**
- **Serve as a proxy for competition—guardians of the public interest**

PSC Facts

- **PSC is housed under the Department of Economic Development for administrative purposes**
- **PSC is funded through assessments of investor-owned utilities (IOUs) based on their gross operating revenue in Missouri**
- **FY 2008 appropriation: \$18.1 million and 200.5 FTE**

The PSC

- **Five commissioners appointed by the Governor**
- **Commissioners serve six-year terms**
- **PSC Staff -- Experts in fields of law, engineering, accounting, economics, finance, business and public administration**

PSC Commissioners



Jeff Davis, Chair



Connie Murray



Robert M. Clayton, III



Terry Jarrett



Kevin Gunn

Our Mission

Our mission is to ensure Missouri consumers receive safe, adequate, efficient and affordable services while allowing those utility companies under our jurisdiction an opportunity to earn a reasonable return on their investment. The Commission and staff are dedicated to fulfilling these public interest goals.

What We Do

➤ **Must assure safe, adequate, reliable utility service at just and reasonable rates...**

AND

➤ **Provide utility shareholders an opportunity to earn a reasonable return on their investments.**

PSC authority – Chapter 386, RSMo

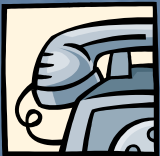
The PSC Regulates Investor-Owned Utilities



Electric companies



Natural gas companies



Telecommunication providers



Water and sewer companies



**Manufactured Housing Dealers
and Manufacturers**

Missouri's Regulated Utilities

- **Four regulated electric utilities**
 - **AmerenUE, Aquila, Empire District Electric, Kansas City Power & Light**
- **Companies serve more than 1.8 million electric customers**
- **More than 50% served by AmerenUE**
- **Operating revenues more than \$3.4 billion in 2006**



Missouri's Regulated Utilities

- **Eight regulated gas utilities**
 - **AmerenUE, Aquila, Atmos, Empire, Laclede, Missouri Gas Energy, Southern Missouri Gas, Missouri Gas Utility**
- **Companies serve more than 1.4 million natural gas customers**
- **About 83% served by Laclede and Missouri Gas Energy (MGE)**
- **Operating revenues totaled more than \$1.8 billion in 2006**



Missouri's Regulated Utilities Telecommunications

- **115 Competitive Local Exchange Companies**
- **43 Local Telephone Companies**
- **403 Interexchange Companies**
- **101 Private Pay Phone Providers**



Missouri's Regulated Utilities Water and Sewer Companies

- **Mostly small companies, ranging in size from 20 to 1,500 customers**
- **More than 90% IOU water customers are served by Missouri-American**
- **Approximately 14,500 sewer customers served by 50 companies**



Manufactured Housing

- **Missouri registered manufacturers: 172**
- **Missouri registered dealers: 206**
- **Consumer Complaint Inspections: 315**



Electricity



Electric Issues

- **Reliability**
- **Resource adequacy**
- **Price volatility**
- **Environmental costs**

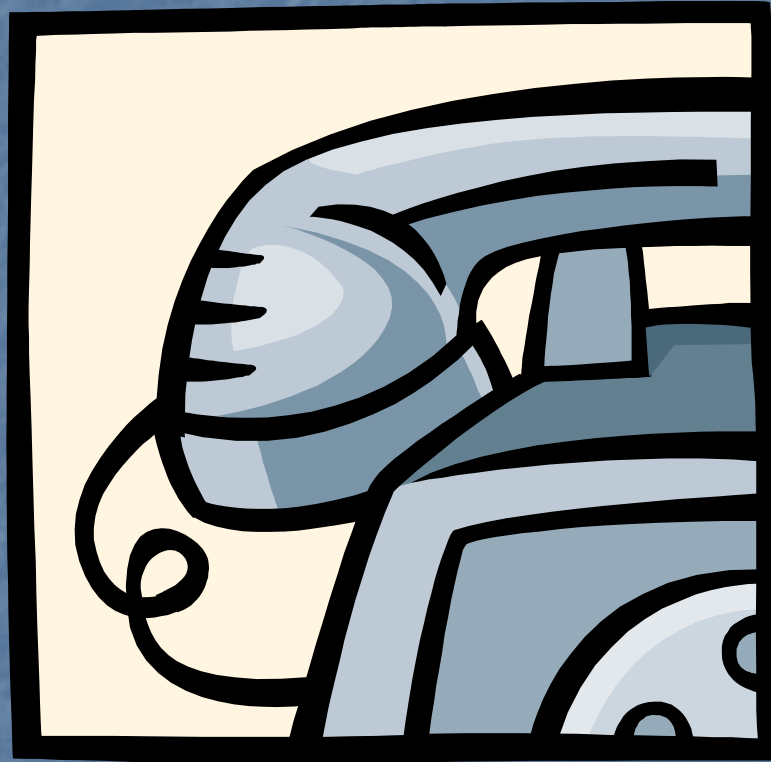
Natural Gas



Natural Gas Issues

- **High and volatile wholesale gas prices**
- **Need for new gas supplies**
- **Problems of gas-electricity interdependency**
- **Need for infrastructure development**
- **Promoting energy efficiency**

Telecommunications



Telecommunications Issues

- **Monitoring local telephone competition service**
- **Revising service and billing practices**
- **Monitoring federal telecommunications activities (FCC)**
- **Arbitration of interconnection agreements**

Water/Sewer



Water/Sewer Issues

- **Need for infrastructure improvements**
- **Federal and state clean water standards**
- **Small system affordability**

Issues Facing the PSC



Upward Pressure on Rates

- **Considerable capital needed for infrastructure and reliability investments**
- **Load-growth requirements**
- **Increasing material and fuel costs**
- **Renewable portfolio standards**
- **Greenhouse gas reductions**



Issues Facing Utility Regulators

- **How much regulation is needed?**
- **Reliability of service**
- **AmerenUE's plans for a second nuclear reactor at Callaway**
- **Environmental and new technology costs—who pays?**

The PSC: A Valuable Resource



Questions?

